

# House File 347 - Introduced

HOUSE FILE 347

BY ISENHART

## A BILL FOR

1 An Act providing a property tax exemption for land used to  
2 produce food within the limits of a city.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 427.1, Code 2021, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 25. *Urban farm.* Property certified as an  
4 urban farm by a city in compliance with this subsection.

5 a. The city council must adopt an ordinance providing for  
6 terms and conditions of the exemption.

7 b. The property must be owned by a nonprofit entity as  
8 defined in section 501(c)(3) of the Internal Revenue Code  
9 or must be leased by another person to such a nonprofit  
10 entity. The lease must be for at least five consecutive  
11 assessment years. The lease must be supported by no or nominal  
12 consideration. A lease may be renewed or extended.

13 c. The property must be located within the corporate limits  
14 of the city.

15 d. The nonprofit entity must use the property as an urban  
16 farm to produce food suitable for human consumption. The food  
17 may be further processed or packaged prior to distribution as  
18 provided in this subsection.

19 e. The food must be used by, sold to, or otherwise  
20 distributed to a food bank, emergency feeding organization,  
21 or other nonprofit organization recognized by the department  
22 of revenue. The food bank, emergency feeding organization,  
23 or other nonprofit organization must prepare and serve or  
24 distribute the food within the corporate limits of the city.

25 f. Prior to adopting a proposed ordinance providing for  
26 the terms and conditions of the tax exemption, the city shall  
27 mail a copy of the proposed ordinance to each affected taxing  
28 entity, including a county or school district which levied  
29 or certified for levy a property tax on any portion of the  
30 property subject to the proposed ordinance in the fiscal year  
31 beginning prior to the calendar year in which a proposed  
32 ordinance is to be adopted. Unless an affected taxing entity  
33 objects to the ordinance by resolution adopted within fourteen  
34 days after delivery of the notice, the affected taxing entity  
35 shall be deemed to have approved any approval of the ordinance

1 by the city during that calendar year. If an affected taxing  
2 entity objects to the proposed ordinance, future consideration  
3 of the proposed ordinance shall be indefinitely tabled.

4 *g.* The city must certify that the property is an urban  
5 farm. The city must send a copy of the certification to  
6 the appropriate assessor not later than February 1 of the  
7 assessment year for which the exemption is requested. The  
8 city may subsequently withdraw certification of the property  
9 if the lease is terminated or the property is not used as an  
10 urban farm. The assessor shall be given written notice of the  
11 decertification.

12 *h.* The exemption granted under this subsection shall  
13 apply until the property is decertified or the lease expires,  
14 whichever occurs earlier.

15 *i.* If the property was used as an urban farm for less than  
16 five years and the property was decertified because the lease  
17 was terminated by the owner for a cause other than a breach of  
18 the lease by the nonprofit entity, the ordinance may provide  
19 that all taxes that would have been levied for the period of  
20 time the exemption was in effect under this subsection shall  
21 be immediately entered against the property on the tax list  
22 for the current year and shall constitute a lien against the  
23 property in the same manner as a lien for property taxes. The  
24 tax when collected shall be apportioned in the same manner  
25 provided for the apportionment of property taxes for the  
26 applicable tax year.

27 Sec. 2. IMPLEMENTATION OF ACT. Section 25B.7 shall not  
28 apply to the property tax exemption enacted in this Act.

29 EXPLANATION

30 The inclusion of this explanation does not constitute agreement with  
31 the explanation's substance by the members of the general assembly.

32 This bill provides a property tax exemption for property  
33 located within a city and certified as an urban farm by a  
34 city council pursuant to an ordinance. The ordinance cannot  
35 be adopted if another affected taxing entity objects. The

1 property must be owned by or leased to a nonprofit entity  
2 which must use the property to produce food use by, sale to,  
3 or otherwise distributed to a nonprofit organization such as  
4 a food bank or emergency feeding organization recognized by  
5 the department of revenue. A lease must be for at least five  
6 years and the exemption applies until the lease expires or  
7 until the property is decertified. A lease may be renewed  
8 or extended and, if the property is still eligible, the  
9 exemption continues. The ordinance may provide that upon  
10 decertification, the exemption is disallowed and the amount  
11 of the property taxes that had been exempted shall be entered  
12 against the property on the tax list for the current year.

13 The bill makes inapplicable Code section 25B.7. Code  
14 section 25B.7 provides that for a property tax credit or  
15 exemption enacted on or after January 1, 1997, if a state  
16 appropriation made to fund the credit or exemption is not  
17 sufficient to fully fund the credit or exemption, the political  
18 subdivision shall be required to extend to the taxpayer only  
19 that portion of the credit or exemption estimated by the  
20 department of revenue to be funded by the state appropriation.